GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Animal Husbandry Department – Animal Breeding Strategies – Encouraging Production and Supply of bull semen of high genetic merit in public private partnership- Sanction of an amount of Rs.273.77 Lakhs to ABC Mutually Aided Cooperative Society, Veeravalli as onetime grant - Orders – Issued.

ANIMAL HUSBANDRY, DAIRY DEVELOPMENT & FISHERIES (AH-I) DEPT.

G.O.RT.No. 191 Dated: 14-06-2018

Read the following:-

1. From the Director, A.H Deptt., Lr. ROC.No.8353/AD(T)/2016, Dt.16-2-2017.
2. Govt. Memo No.608/AH1/3/2017, Dated:6-3-2017.
3. From the Director, AH Deptt., Lr. ROC.No.8353/AD(T)/2016, Dt.20-4-2017
4. Govt.Memo.No.608/AH.I/3/2017, Dated.14.03.2018
5. From the Director, A.H Department, Lr. Roc. No. 8353/ AD(T)/2016, Dated.03.04.2018.
6. Govt. Memo No.608/AH-I(3)/2018, Dated.1-5-2018
7. From the Director of Animal Husbandry, A.P.,Vijayawada Lr.Roc.No.8353/AD(T)/2016, dt.4.5.2018.
8. Govt. Memo No.608/AH-1/3/2017 dated 04-05-2018.
9. From the Director of Animal Husbandry, A.P., Vijayawada Lr.No.8353/AD(T)/2016.Dated: 05-05-2018.

****

ORDER:-

In the references 1st, 3rd, 5th, 7th and 9th read above, the Director of Animal Husbandry, A.P., Vijayawada has *inter alia* reported that, as part of the Primary Sector Mission, to achieve 20% growth in livestock sector by 2022 so as to reach GVA from the current level of Rs.49,631Cr to Rs.1.00 lakh Crore, there is a need to improve the productivity levels of cattle and buffaloes in the State. As per the available statistics, the average dam's lactation milk production of majority of the breeding bulls stationed in Frozen Semen Bull Stations (FSBS) of APLDA in the State are less than 4000 Kgs. Moreover, there is an increasing awareness and demand from dairy farmers for the semen of high pedigree germ plasm. Accordingly, it was decided to encourage Semen Stations in PPP mode so as to make the high pedigree germplasm (Bull Semen) available to the farmers to exercise their choice as a long term breeding intervention to pave way to increase milk production in the State. Accordingly the Department has invited Expression of Interest (EOI) vide notification No.8353/AD(T)/2016, dated 10.11.2016 from various agencies for "production and making available bull semen of high genetic merit to the farmers of Andhra Pradesh in PPP mode". In response to the EOI issued, three agencies expressed their interest.

2. Further, the Director of Animal Husbandry has reported that, the evaluation committee shortlisted the two agencies (ABC Mutually Aided Society and Bovine breeders) and their financial bids were opened. The ABC Mutually Aided Society is finally selected to support for viability gap funding by Govt., based on the lowest amount (Rs.383.31 lakhs) quoted in the financial bids. ABC Society quoted 75% of the project cost (as per the original business proposal) as VG fund required from Government. As the project cost is revised by the ABC society, the viability gap funding required works out to be Rs 293.32 lakh by considering 75% of the revised project cost. Normally Government of India provides Viability Gap Funding up to 40% in respect of projects like ports etc., which have high economic returns. But when the financial returns are low, it can also consider higher percentage of funding in specific infrastructure projects like Regional air connection projects etc., The present FSBS project has high economic

(p.t.o)

returns to the State and society in terms of production of quality progeny and increased milk, but the investor ABC Society has low financial returns due to the following:

i. Interest burden on the investment of Rs 3.00 cr already made
ii. Recurring expenditure on maintenance of bulls, production of semen doses and stocking of semen till accreditation of semen bank
iii. The selling of semen starts only after accreditation of semen bank by CMU and initially the sale of semen may not be more than 50-60% of production till the farmers get confidence in the quality of semen, which normally takes 4-5 years.
iv. The total time lag from the start of production of semen, accreditation and first progeny will take around 6-7 years, during which period the expenditure surpasses the returns.
v. The PPP partner should sell the Semen at Rs 40.00 per dose to the farmers of Andhra Pradesh on the lines of APLDA pricing structure.

3. The Director, Animal Husbandry Department has further reported that considering the above facts, the committee had recommended to consider higher viability gap funding of Rs. 273.77 lakh (70% of project cost at Rs 391.10 lakh) to ABC Mutually Aided Cooperative Society as a special case to encourage production and supply of high quality semen to the farmers of Andhra Pradesh subject to the following conditions:

- The ABC Mutually Aided Cooperative Society should get the bulls maintained at semen station tested/evaluated every year by APLDA.
- The semen produced at the semen station is tested for its quality by APLDA.
- The semen produced at semen station is used only after the semen station is graded as A or B by CMU.
- The semen production & utilization details are kept online on real time basis.
- Hypothecation of building and equipment of the society to the Government for the period till the agreed quantities of semen doses of high genetic merit (HGM) are supplied to the Government.
- Posting of Veterinarian on work arrangement basis for daily quality and quantity assessment of semen production and supervision of health, managemental practices and with recovery of cost of salaries of the Veterinarian from the organisation.
- Supply of High genetic merit semen @ Rs.40/- per dose for the quantity of 10 lakh doses as per the requirement of the Department / APLDA.

4. The Director, AH Department has therefore requested the Government to consider the recommendations of the department to sanction one time grant of Rs.273.77 Lakhs to ABC MACS Ltd to encourage Production and Supply of bull semen of high genetic merit with permission to procure high pedigree semen @ Rs.40/- per dose by APLDA. The fund required as viability Gap Funding to support this project can be made in the Budget Estimates of 2017-18 under Cattle Breeding Activities.

5. Government after careful examination, hereby accord sanction for an amount of Rs.273.77 Lakhs (Rupees Two Crore Seventy Three Lakhs and Seventy Seven Thousand Only) to ABC MACS Ltd as onetime grant to encourage Production and Supply of bull semen of high genetic merit, subject to the following conditions in addition to the conditions mentioned above in para 3:

(i) ABC MACS Ltd needs to supply the semen doses to ALPDA @ Rs.40/-per dose who would in turn supply to the farmers duly maintaining the details of the beneficiaries. Purchases made by the farmers directly from the firm doesn't qualify for counting 2.5 lakh doses every year.

Contd…3

(ii) ABC MACS Ltd need to supply a minimum of assured quantity of 10 lakh doses. If the requirement is less than 2.5 lakhs per year, the firm needs to supply beyond 5 years till the minimum quantity of 10 lakhs is supplied to ALPDA.

6. The amount sanctioned in para(5) above shall be met within the Budget of the Department.

7. The Director of Animal Husbandry, A.P., Vijayawada shall take necessary action accordingly.

8. This orders issues with the concurrence of Finance (FMU,AHDD&F) Dept., vide their U.O.No. FIN-38027/88/FMU(A&CACS)/2017, dated.31-05-2018.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

GOPAL KRISHNA DWIVEDI
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Director of Animal Husbandry,
A.P., Vijayawada.

Copy to:
The ABC MACS Ltd through the Director of Animal Husbandry, A.P., Vijayawada
The P.S to Prl. Secy to Govt., AH,DD&F Dept.
The P.S. to Minister(AHDD&F)
The Finance (FMU,AHDDF,CS) Dept.
SC/SF

//FORWARDED::BY::ORDER//

SECTION OFFICER